

Message Text

CONFIDENTIAL

PAGE 01 STATE 212335

16

ORIGIN TRSE-00

INFO OCT-01 NEA-14 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 /134 R

TX-387

DRAFTED BY TREASURY/OMEA:J.NEWMAN

APPROVED BY NEA/EGY - MR. MATTHEWS

TREAS - H HAPPEL

TREAS - H LEE

TREAS - G PARSKY

TREAS - J BENNETT

NEA/BLC - M DRAPER

----- 028163

R 261750Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

C O N F I D E N T I A L STATE 212335

E.O. 11652: GDS

TAGS: EINV, EG

SUBJECT: EGYPTIAN DEBT AND INVESTMENT LAW

REFERENCE: CAIRO 6806

1. AT INFORMAL MEETING AT TREASURY DEPARTMENT DURING RE-
CENT ECONOMIC WORKING GROUP SESSION IN WASHINGTON, SUWAILIM
ASKED IF U.S. HAD GIVEN ANY FURTHER THOUGHT TO PROBLEM OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 212335

HIGH LEVEL OF EGYPT'S SHORT-TERM EXTERNAL DEBT. SUWAILIM
SAID THAT EXTENSIVE DATA INDICATING MAGNITUDE OF PROBLEM
WAS GIVEN US DURING SECRETARY SIMON'S VISIT AND HEGAZY WAS

ANXIOUS TO HAVE U.S. ADVICE. WE RESPONDED THAT WE HAD RECEIVED SEVERAL DIFFERENT SETS OF DATA DURING SIMON'S VISIT WHICH WERE NOT ALWAYS CONSISTENT AND THAT WE DID NOT HAVE CLEAR INDICATION OF EGYPTIAN DEBT PICTURE. AFTER SOME DEBATE ON THIS SUBJECT SUWAILIM VOLUNTEERED TO PROVIDE US WITH WHATEVER DEBT INFORMATION WE REQUIRED. WE GAVE HIM DETAILED LIST OF INFORMATION NECESSARY TO MAKE ECONOMIC JUDGMENT AS TO MAGNITUDE OF EGYPTIAN PROBLEM, RECOGNIZING THAT SOME OF THIS INFORMATION MIGHT HAVE TO BE PROVIDED FROM CAIRO AND SOME MAY SIMPLY NOT BE AVAILABLE. SUWAILIM SUBSEQUENTLY PROVIDED US SEVERAL TABLES FROM IBRD DRAFT REPORT ON EGYPTIAN ECONOMY ON LEVEL AND AMORTIZATION OF SELECTED EGYPTIAN DEBT. ALMOST ALL OF THE DATA ARE CONTAINED IN RECENT IMF REPORT ISSUED IN CONJUNCTION WITH EGYPTIAN DRAWING. DATA IS FRAGMENTARY AND ALSO INTERNALLY

INCONSISTENT. WE HAVE BEEN DISCUSSING DATA WITH WORLD BANK WITH SUWAILIM APPROVAL. IBRD AGREED THAT EGYPTIAN DEBT DATA ARE INCOMPLETE AND IN SOME CASES INCONSISTENT. WE HAVE ASKED ECONOMICS MINISTER EL-NAHAL AT EMBASSY HERE IF WE CAN EXPECT ADDITIONAL INFORMATION. HE HAS PROMISED TO PROVIDE US AN ANSWER AFTER CHECKING WITH CAIRO.

2. EMBASSY WILL RECALL THRUST OF SECRETARY SIMON'S REMARKS ON QUESTION OF EGYPTIAN DEBT RELIEF DURING HIS VISIT. POSITION IS THAT MAJOR DEBT RELIEF EXERCISE NOT CONSISTENT WITH REESTABLISHMENT OF EGYPTIAN CREDITWORTHINESS AND THAT DEBT EXERCISE WOULD SCARE AWAY PRIVATE CAPITAL. THEREFORE, WE INTEND TO MAINTAIN VERY LOW KEY APPROACH TO THE PROBLEM AT THIS STAGE, STRESSING OUR WILLINGNESS TO LOOK AT ECONOMIC FACTS OF CASE. TO DO THIS, HOWEVER, WILL REQUIRE NOT ONLY REASONABLY COMPLETE AND CONSISTENT DEBT DATA, BUT ALSO DETAILED AND WELL DOCUMENTED ESTIMATES OF BALANCE OF PAYMENTS TRENDS SHOWING LEVEL AND SOURCES OF FUNDS WHICH CAN BE EXPECTED TO FINANCE EGYPTIAN DEBT REPAYMENTS AND OTHER FOREIGN EXCHANGE REQUIREMENTS.

3. CONCERNING EGYPTIAN INVESTMENT LAW SUWAILIM INFORMED
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 212335

US THAT ENGLISH TRANSLATION PROVIDED US OF QUOTE LAW NO. 43 UNQUOTE IS NOT TRANSLATION OF THE BILL AS ENACTED. WE NOTED FOR EXAMPLE, THAT REMITTANCES OF INVESTED CAPITAL OR PROFITS APPARENTLY NOT GUARANTEED BUT RATHER SUBJECT TO SUBSEQUENT APPROVAL. SUWAILIM RESPONDED THAT LANGUAGE OF LAW AS ENACTED DID PROVIDE SUCH GUARANTEES, TRANSLATION INDICATED CONTRARY. SUWAILIM ASKED FOR OUR WRITTEN COMMENTS ON THE LAW. THIS WILL BE POSSIBLE ONLY WHEN WE HAVE AN ACCURATE ENGLISH TRANSLATION. KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT LAW, DEBTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE212335
Document Source: CORE
Document Unique ID: 00
Drafter: J.NEWMAN
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740272-0618
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740911/aaaaaitz.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: CAIRO 6806
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <14-Aug-2002 by cunninfx, REFER TO TREASURY>; RELEASED <26 MAR 2003 by MartinML>; APPROVED <26 MAR 2003 by MartinML>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EGYPTIAN DEBT AND INVESTMENT LAW
TAGS: EINV, EG, US
To: CAIRO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005